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NonExempt

**COFRS ACCOUNTING MODEL****Insurance Recoveries - No Asset Impairment***Used to record insurance recoveries. This model assumes the event does not qualify as an impairment (1).**Insurance recoveries in the current year offset maintenance expense.**Insurance recoveries from prior years are recorded as revenue without offset.**Authoritative Source(s): The Higher Education Policy Setting Group (HEP)**Fiscal Procedures Manual Chapter 9 sections 1 and 2, March 2007**GASB Statement 42*

Example: Record Restoration of Equipment and Insurance Recoveries

COFRS JOURNAL ENTRY CODING								
	Fund/Agency	APPR	Program	AcctType	BSA/RSC/OBJ	DR	CR	
<b>ACTIVITY = RECORD EQUIPMENT RESTORATION COSTS</b>								
1	Appropriate Fund Appropriate Appropriation Code Appropriate Prgm Expense Other Maintenance /Repair Svcs	3XX/GXX     	NAP/LBA	1100-1900	22	2210	\$1,000	
2	Appropriate Fund Not used with Balance Sheet Accounts Asset Cash	3XX/GXX	XXX	XXX	01	1100/1180		\$1,000
<b>ACTIVITY = RECORD INSURANCE PROCEEDS RECEIVED IN THE SAME FISCAL YEAR AS EXPENSE IS INCURRED</b>								
3	Appropriate Fund Not used with Balance Sheet Accounts Asset Cash	3XX/GXX	XXX	XXX	01	1100/1180	\$900	
4	Appropriate Fund Appropriate Appropriation Code Appropriate Prgm Revenue Insurance Recovery - Current Year	3XX/GXX     	NAP/LBA	1100-1900	31	5860		\$900
5	Appropriate Fund Appropriate Appropriation Code Appropriate Prgm Revenue G/L On Impairment of Cap Asset	399/GXX     	NAP/LBA	1100-1900	31	6504	\$900 <sup>(2)</sup>	
6	Appropriate Fund Appropriate Appropriation Code Appropriate Prgm Expense Other Maintenance /Repair Svcs	399/GXX     	NAP/LBA	1100-1900	22	2210		\$900 <sup>(2)</sup>
<b>ACTIVITY = RECORD INSURANCE PROCEEDS RECEIVED IN THE FISCAL YEARS FOLLOWING THE EXPENSE</b>								
7	Appropriate Fund Not used with Balance Sheet Accounts Asset Cash	3XX/GXX	XXX	XXX	01	1100/1180	\$900	
8	Appropriate Fund Appropriate Appropriation Code Appropriate Prgm Revenue Insurance Recovery - Previous Yrs	3XX/GXX     	NAP/LBA	1100-1900	31	5861		\$900

(1) If the event is significant and meets the impairment tests defined in GASB 42, the accountant must comply with measurement methods defined in GASB 42. This includes the Restoration Approach, Service Units Approach, the Deflated Depreciation Replacement Cost Approach. See Model Q for Insurance Recoveries on Impaired Assets.

(2) This entry is limited to the amount of maintenance expense recorded in 2210 (or comparable account). If the insurance recovery exceeds the restoration or replacement cost then a gain on impairment is reported. Note that account 5860 and 6504 are reported in the same line on the financial statements.